



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0663	Title:	Generally revise taxes and mitigate reappraisal
Primary Sponsor:	Jopek, Mike	Status:	As Introduced

- | | | |
|--|--|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$1,205,898	\$6,447,571	\$5,353,176	\$5,679,257
Revenue:				
General Fund	(\$11,952,076)	(\$27,421,970)	(\$43,067,218)	(\$59,394,576)
State Special Revenue	(\$634,914)	(\$1,587,045)	(\$2,553,904)	(\$3,621,331)
Net Impact-General Fund Balance:	<u>(\$13,157,974)</u>	<u>(\$33,869,541)</u>	<u>(\$48,420,394)</u>	<u>(\$65,073,833)</u>

Description of fiscal impact: HB 663 increases the income eligibility limits for the elderly homeowner-renter tax credit and the extended property tax assistance program, phases-in reappraisal values over a six year period, steps up the homestead exemption from 35.9% to 42%, steps up the comstead exemption from 15.3% to 16.6%.

Note that this fiscal note is written from current law and not from HJR2. In all most all fiscal notes, current law and HJR2 are the same. In the case of property tax for this biennium, the Legislature intentionally reduced the estimates in HJR 2 for the mitigation anticipated during this legislative session. The impacts of this legislation relative to HJR 2 are shown on page 8. Please use page 8 for purposes of comparing to HJR 2 or the general fund status

FISCAL ANALYSIS

Assumptions:

Department of Revenue

Property Valuation and Taxes

- Under current law, the increase in reappraisal value for class 3 agricultural land, class 4 residential and commercial real property and class 10 forestland is phased in over six years. For each year over the six

years, the homestead exemption for class 4 residential real properties would remain at 34% and the comstead exemption for class 4 commercial real properties would remain at 15%. The tax rate for classes 3 and 4 would be 3.01% and the tax rate for class 10 would be 0.35%.

- Section 1 of HB 663 sets the class 3 agricultural land tax rate, class 4 residential and commercial property exemption and tax rates. Class 3 agricultural land has the same tax rates as class 4 residential property. Section 2 of HB 663 sets the class 10 tax rate.

--Class 3 --		--Class 4--			-- Class 10 --	
<u>Agricultural Property</u>		<u>Residential Property</u>		<u>Commercial Property</u>	<u>Forestland --</u>	
<u>Tax</u>	<u>Tax</u>	<u>Tax</u>	<u>Exemption</u>	<u>Exemption</u>	<u>Tax</u>	<u>Tax</u>
<u>Year</u>	<u>Rate</u>	<u>Rate</u>	<u>Percentage</u>	<u>Percentage</u>	<u>Rate</u>	<u>Rate</u>
2009	2.85%	2.85%	35.90%	15.30%	3.01%	0.32%
2010	2.70%	2.70%	37.40%	15.50%	3.01%	0.30%
2011	2.57%	2.57%	38.70%	15.70%	3.01%	0.28%
2012	2.45%	2.45%	39.90%	15.90%	3.01%	0.26%
2013	2.35%	2.35%	41.10%	16.40%	3.01%	0.24%
2014	2.25%	2.25%	42.00%	16.60%	3.01%	0.23%

- Under both current and proposed law, class 4 commercial multifamily dwellings would receive the homestead exemption but have the class 4 commercial tax rate applied to determine taxable value.
- Section 5 of the bill establishes a six-year reappraisal cycle for class 3, class 4, and class 10 property.

Increase in Value Due to Reappraisal

- Table 1 shows the estimated reappraisal increases in the values of class 4 qualified residential property, class 4 commercial multifamily property, class 4 other commercial property, and class 10 forestland.

Table 1				
Changes in Value Due to Reappraisal				
Type of Property	----- Full Market Value -----			Percent Change
	2003	2009	Difference	
	Reappraisal	Reappraisal	in Value	
Class 3 - Agricultural Land	\$4,446,329,036	\$5,636,120,313	\$1,189,791,277	26.8%
Class 4 - Residential: Qualified Property	\$40,286,439,574	\$62,736,351,708	\$22,449,912,134	55.7%
Class 4 - Residential: NonQualified Property	\$8,428,130,282	\$12,838,871,234	\$4,410,740,952	52.3%
<i>Subtotal Class 4 - Residential Property</i>	<i>\$48,714,569,856</i>	<i>\$75,575,222,942</i>	<i>\$26,860,653,086</i>	<i>55.1%</i>
Class 4 - Commercial: Multifamily Property	\$2,226,005,531	\$2,964,215,783	\$738,210,253	33.2%
Class 4 - Commercial: All Other Property	\$11,464,532,592	\$15,444,499,573	\$3,979,966,981	34.7%
<i>Subtotal Class 4 Commercial</i>	<i>\$13,690,538,123</i>	<i>\$18,408,715,357</i>	<i>\$4,718,177,234</i>	<i>34.5%</i>
Class 4 Total	\$62,405,107,979	\$93,983,938,299	\$31,578,830,320	50.6%
Class - 10 Forest Land	\$1,947,330,452	\$2,999,858,721	\$1,052,528,269	54.0%

Class 3 Agricultural Land

- Table 2 displays class 3 agricultural land property values under current law and proposed law for each year of this fiscal note.

Table 2					
Class 3 Agricultural Land - Fiscal Impact of HB 663 Reappraisal Mitigation					
	FY 2009 (HJ 2)	FY 2010	FY 2011	FY 2012	FY 2013
HB 663 (six-year phase-in)					
Market Value	\$4,446,329,036	\$4,669,932,815	\$4,868,231,361	\$5,066,529,907	\$5,281,326,329
Tax Rate	3.01%	2.85%	2.70%	2.57%	2.45%
(effective tax rate)	3.20%	3.03%	2.87%	2.73%	2.60%
Taxable Value	\$142,099,000	\$141,311,797	\$139,559,017	\$138,250,484	\$137,382,690
Current Law (six-year phase-in)					
Market Value	\$4,446,329,036	\$4,644,627,582	\$4,842,926,128	\$5,057,021,865	\$5,300,285,091
Tax Rate	3.01%	3.01%	3.01%	3.01%	3.01%
(effective tax rate)	3.20%	3.20%	3.20%	3.20%	3.20%
Taxable Value	\$142,099,000	\$148,436,368	\$154,773,737	\$161,615,963	\$169,390,345
Difference (HB 658 - Current Law)					
Taxable Value	\$0	(\$7,124,571)	(\$15,214,720)	(\$23,365,479)	(\$32,007,656)
State Revenue					
State Mills (95.53 mills)	\$0	(\$680,610)	(\$1,453,462)	(\$2,232,104)	(\$3,057,691)
University Mills (6 mills)	\$0	(\$42,747)	(\$91,288)	(\$140,193)	(\$192,046)

Class 4 Residential Property Values

7. Table 2 displays Class 4 residential property values under current law and proposed law for each year of this fiscal note.

Table 3					
Class 4 Residential Real Property - Fiscal Impact of HB 663 Reappraisal Mitigation					
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
HB 663 (six year phase-in)					
Market Value	\$48,714,569,856	\$54,889,773,181	\$59,516,423,329	\$63,952,812,120	\$68,564,710,630
Homestead Rate	34.00%	35.90%	37.40%	38.70%	39.90%
Taxable Market Value	\$32,151,616,105	\$35,184,344,609	\$37,257,281,004	\$39,203,073,830	\$41,207,391,089
Tax Rate	3.01%	2.85%	2.70%	2.57%	2.45%
Taxable Value	\$967,763,645	\$1,002,753,821	\$1,005,946,587	\$1,007,518,997	\$1,009,581,082
Current Law (six-year phase-in)					
Market Value	\$48,714,569,856	\$55,053,008,613	\$61,613,365,387	\$68,166,272,860	\$74,925,046,142
Homestead Rate	34%	34%	34%	34%	34%
Taxable Market Value	\$32,151,616,105	\$36,334,985,685	\$40,664,821,155	\$44,989,740,087	\$49,450,530,453
Tax Rate	3.01%	3.01%	3.01%	3.01%	3.01%
Taxable Value	\$967,763,645	\$1,093,683,069	\$1,224,011,117	\$1,354,191,177	\$1,488,460,967
Difference (HB 663 - Current Law)					
Taxable Value	\$0	(\$90,929,248)	(\$218,064,530)	(\$346,672,179)	(\$478,879,885)
State Revenue					
State Mills (95.53 mills)	\$0	(\$8,686,471)	(\$20,831,705)	(\$33,117,593)	(\$45,747,395)
University Mills (6 mills)	\$0	(\$545,575)	(\$1,308,387)	(\$2,080,033)	(\$2,873,279)

Class 4 Commercial Multifamily Property

8. Table 3 displays Class 4 commercial multifamily property values under current law and proposed law for each year of this fiscal note.

Table 4					
Class 4 (Commercial) Multifamily Residences - Fiscal Impact of HB 663 Reappraisal Mitigation					
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
HB 663 (six year phase-in)					
Market Value	\$2,226,005,531	\$2,426,950,766	\$2,554,292,035	\$2,670,756,171	\$2,797,556,085
Homestead Rate	34.00%	35.90%	37.40%	38.70%	39.90%
Taxable Market Value	\$1,469,163,650	\$1,555,675,441	\$1,598,986,814	\$1,637,173,533	\$1,681,331,207
Tax Rate (Commercial)	3.01%	3.01%	3.01%	3.01%	3.01%
Taxable Value	\$44,221,826	\$46,825,831	\$48,129,503	\$49,278,923	\$50,608,069
Current Law (six-year phase-in)					
Market Value	\$2,226,005,531	\$2,431,255,498	\$2,643,692,374	\$2,853,640,398	\$3,070,184,274
Homestead Rate	34%	34%	34%	34%	34%
Taxable Market Value	\$1,469,163,650	\$1,604,628,629	\$1,744,836,967	\$1,883,402,663	\$2,026,321,621
Tax Rate (Commercial)	3.01%	3.01%	3.01%	3.01%	3.01%
Taxable Value	\$44,221,826	\$48,299,322	\$52,519,593	\$56,690,420	\$60,992,281
Difference (HB 663 - Current Law)					
Taxable Value	\$0	(\$1,473,491)	(\$4,390,090)	(\$7,411,497)	(\$10,384,211)
State Revenue					
State Mills (95.53 mills)	\$0	(\$140,763)	(\$419,385)	(\$708,020)	(\$992,004)
University Mills (6 mills)	\$0	(\$8,841)	(\$26,341)	(\$44,469)	(\$62,305)

Class 4 Commercial Real Property

9. Table 6 displays Class 4 commercial property values under current law and proposed law for each year of this fiscal note.

Table 5					
Class 4 Commercial Real Property - Fiscal Impact of HB 663 Reappraisal Mitigation					
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
HB 663 (six year phase-in)					
Market Value	\$11,464,532,592	\$12,529,119,063	\$13,215,663,368	\$13,845,926,443	\$14,529,552,105
Comstead Rate	15.0%	15.3%	15.5%	15.9%	16.4%
Taxable Market Value	\$9,744,852,704	\$10,612,163,847	\$11,167,235,546	\$11,644,424,139	\$12,146,705,560
Tax Rate	3.01%	3.01%	3.01%	3.01%	3.01%
Taxable Value	\$293,320,066	\$319,426,132	\$336,133,790	\$350,497,167	\$365,615,837
Current Law (six-year phase-in)					
Market Value	\$11,464,532,592	\$12,127,860,423	\$12,791,188,253	\$13,454,516,083	\$14,117,843,913
Comstead Rate	15%	15%	15%	15%	15.0%
Taxable Market Value	\$9,744,852,704	\$10,308,681,359	\$10,872,510,015	\$11,436,338,670	\$12,000,167,326
Tax Rate	3.01%	3.01%	3.01%	3.01%	3.01%
Taxable Value	\$293,320,066	\$322,294,302	\$358,384,589	\$396,427,593	\$436,510,504
Difference (HB 663 - Current Law)					
Taxable Value	\$0	(\$2,868,171)	(\$22,250,799)	(\$45,930,427)	(\$70,894,666)
State Revenue					
State Mills (95.53 mills)	\$0	(\$273,996)	(\$2,125,619)	(\$4,387,734)	(\$6,772,567)
University Mills (6 mills)	\$0	(\$17,209)	(\$133,505)	(\$275,583)	(\$425,368)

Class 10 Forestland

10. Table 6 displays Class 10 forestland property values under current law and proposed law for each year of this fiscal note.

Table 6 Class 10 Forestland - Fiscal Impact of HB 663 Reappraisal Mitigation					
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
HB 663 (six year phase-in)					
Market (Productivity) Value	\$1,947,330,452	\$2,122,751,830	\$2,298,173,208	\$2,491,750,155	\$2,668,557,362
Tax Rate	0.35%	0.32%	0.30%	0.28%	0.26%
Taxable Value	\$6,817,000	\$6,792,806	\$6,894,520	\$6,976,900	\$6,938,249
Current Law (six-year phase-in)					
Market (Productivity) Value	\$1,947,330,452	\$2,122,751,830	\$2,298,173,208	\$2,454,066,087	\$2,608,728,226
Tax Rate	0.35%	0.35%	0.35%	0.35%	0.35%
Taxable Value	\$6,817,000	\$7,429,631	\$8,043,606	\$8,589,231	\$9,130,549
Difference (HB 663 - Current Law)					
Change in Taxable Value	\$0	(\$636,826)	(\$1,149,087)	(\$1,612,331)	(\$2,192,300)
State Revenue					
State Mills (95.53 mills)	\$0	(\$60,836)	(\$109,772)	(\$154,026)	(\$209,430)
University Mills (6 mills)	\$0	(\$3,821)	(\$6,895)	(\$9,674)	(\$13,154)

11. Table 7 displays the in taxable value of the reappraised property under current law and proposed law for each year of this fiscal note.

Table 7 Summary of Change in Taxable Value and Property Tax Revenue					
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
HB 663 (six- year phase-in)					
Class 3 - Agricultural Land	\$142,099,000	\$141,311,797	\$139,559,017	\$138,250,484	\$137,382,690
Class 4 - Residential Property	\$967,763,645	\$1,002,753,821	\$1,005,946,587	\$1,007,518,997	\$1,009,581,082
Class 4 - Commercial: Multifamily Property	\$44,221,826	\$46,825,831	\$48,129,503	\$49,278,923	\$50,608,069
Class 4 - Commercial: All Other Property	\$293,320,066	\$319,426,132	\$336,133,790	\$350,497,167	\$365,615,837
<i>Subtotal Class 4 Commercial</i>	<i>\$337,541,892</i>	<i>\$366,251,963</i>	<i>\$384,263,293</i>	<i>\$399,776,090</i>	<i>\$416,223,907</i>
Class 4 Total	\$1,305,305,537	\$1,369,005,784	\$1,390,209,880	\$1,407,295,087	\$1,425,804,988
Class - 10 Forest Land	\$6,817,000	\$7,429,631	\$8,043,606	\$8,589,231	\$9,130,549
Total Taxable Value	\$1,454,221,537	\$1,517,747,213	\$1,537,812,503	\$1,554,134,803	\$1,572,318,227
Current Law (six-year phase-in)					
Class 3 - Agricultural Land	\$142,099,000	\$148,436,368	\$154,773,737	\$161,615,963	\$169,390,345
Class 4 - Residential Property	\$967,763,645	\$1,093,683,069	\$1,224,011,117	\$1,354,191,177	\$1,488,460,967
Class 4 - Commercial: Multifamily Property	\$44,221,826	\$48,299,322	\$52,519,593	\$56,690,420	\$60,992,281
Class 4 - Commercial: All Other Property	\$293,320,066	\$322,294,302	\$358,384,589	\$396,427,593	\$436,510,504
<i>Subtotal Class 4 Commercial</i>	<i>\$337,541,892</i>	<i>\$370,593,624</i>	<i>\$410,904,181</i>	<i>\$453,118,013</i>	<i>\$497,502,784</i>
Class 4 Total	\$1,305,305,537	\$1,464,276,693	\$1,634,915,298	\$1,807,309,190	\$1,985,963,751
Class - 10 Forest Land	\$6,817,000	\$7,429,631	\$8,043,606	\$8,589,231	\$9,130,549
Total Taxable Value	\$1,454,221,537	\$1,620,142,693	\$1,797,732,641	\$1,977,514,384	\$2,164,484,645
Difference (HB 663 - Current Law)					
Change in Taxable Value	\$0	(\$102,395,480)	(\$259,920,138)	(\$423,379,581)	(\$592,166,418)
State Revenue					
State Mills (95.53 mills)	\$0	(\$9,781,840)	(\$24,830,171)	(\$40,445,451)	(\$56,569,658)
University Mills (6 mills)	\$0	(\$614,373)	(\$1,559,521)	(\$2,540,277)	(\$3,552,999)

Changes to Existing Property Tax Assistance Programs

12. Section 3 of the bill amends the extended property assistance program (EPTAP) in 15-6-193 (5)(a), MCA, removing the reference to revaluation cycles after December 31, 2008. The bill also increases the income limitations from \$25,000-\$75,000 to \$28,500-\$85,500. It amends the eligibility for the increase in taxable value from 24% to 54%, and the tax dollar increase from \$250 to \$285 for the \$28,500 or less income. For income levels from \$28,500 to \$57,000 taxable value must increase 60% and taxes \$285, and for income levels from \$57,000 - \$85,500 taxable value must increase 60% and taxes \$285.

Current Law			HB 6663		
Income Test	% Change in Taxable Value	Tax Liability	Income Test	% Change in Taxable Value	Tax Liability
- Income is \$25,000 or less	24%	\$250	- Income is \$28,000 or less	55%	\$285
- Income is > \$25,000 but < \$50,000	30%	\$250	- Income is > \$28,000 but < \$57,000	60%	\$285
- Income is > \$50,000 but < \$75,000	36%	\$250	- Income is > \$57,000 but < \$85,500	70%	\$285

13. The amendments to (EPTAP) have the following estimated impact:

HB 663: Reduction in Taxable Value - Extended Property Tax Assistance				
	FY 2010	FY 2011	FY 2012	FY 2013
Taxable Value Reduction	\$3,423,535	\$4,587,359	\$2,271,231	\$1,388,614
Revenue Reduction				
State Mills (95.53 mills)	\$325,236	\$435,799	\$215,767	\$131,918
University Mills (6 mills)	\$20,541	\$27,524	\$13,627	\$8,332

14. Sections 7 and 8 increase the income limits for eligibility for the elderly homeowner-renter credit and increase the amount of the credit for some taxpayers. Income tax and property tax records were matched for taxpayers who claimed the \$400 property tax rebate. Each 2008 property value was increased by the average percentage reappraisal increase in its levy district to give an estimated 2009 reappraisal value. Each taxpayer's income was grown using the income growth assumptions in the HJR2 income tax revenue estimate. Elderly homeowner-renter credits were calculated under current law and under this bill for eligible taxpayers, and the percentage difference in the total amount of credits was calculated. It is assumed that credits to eligible renters will increase by the same percentage. The following table shows the calculated percentage increase in credits from this bill for each tax year from 2009 through 2012 and the resulting increase in total credits:

Tax Year	Additional Homeowner-Renter Credits	
	%	\$ million
2009	18.80%	\$1.845
2010	21.97%	\$2.156
2011	24.52%	\$2.406
2012	27.45%	\$2.693

15. Elderly homeowner-renter credits are claimed on tax returns and credit claim forms following the end of each tax year. The additional credit claims shown for tax years 2009 through 2012 will result in equal reductions in general fund revenue in FY 2010 through FY 2013.

Department Costs

Property Assessment Division

16. DOR's property assessment division would require 5 tax appraisers in FY 2010, 5 appraisers in FY 2011, 5 appraisers in FY 2012, and 5 appraisers in FY 2013 to handle the additional residential valuation requirements in a four-year time span as required by HB 663. The estimated expenditures associated with these positions are \$301,366 in FY 2010, \$278,216 in FY 2011, \$278,216 in FY 2012, and \$278,216 in FY 2013.
17. There would be an additional cost for self-reporting mailing of \$126,400 in FY 2010, \$129,451 in FY 2011, \$131,005 in FY 2012, and \$132,578 in FY 2013.
18. There is an estimated cost of \$30,000 per year for national agricultural imagery to handle the additional requirements on agricultural appraisal in HB 673.
19. Section 5 of HB663 requires the department to provide the Revenue and Transportation Interim Committee with a sales assessment ratio study of residences. The estimated cost is \$75,000 in FY 2011 and in FY 2013.
20. Section 9 of HB663 would create a forest advisory council and maintains the agricultural land advisory council. The estimated cost associated with staffing these councils is \$36,800 in FY 2012.
21. An educational/informational taxpayer program is estimated at \$46,000 for FY 2010, FY 2011 and for FY 2012. Additional expenses for an advertising campaign include \$4,047 each year in FY 2010 through FY 2012 and \$60,000 in FY 2013.

HB 663: Department of Revenue Administrative Costs Property Assessment Division

	FY2010	FY2011	FY2012	FY2013
Total FTE	5.0	5.0	5.0	5.0
Total Personnel Services	\$239,736	\$239,736	\$239,736	\$239,736
Total Annual Operating Costs	\$36,480	\$38,480	\$38,480	\$38,480
Total Equipment	\$25,150	\$0	\$0	\$0
Total Other Costs- PAD	\$210,012	\$286,278	\$212,122	\$298,293
Total Administrative Costs	\$511,378	\$564,494	\$490,338	\$576,509

Office of Public Instruction

22. The change in taxable value from present law to HB 673 would create a GTB cost to the state general fund of \$0.7 million in FY 2010, \$4.4 million in FY 2011, \$3.6 million in FY 2012 and \$3.9 million in FY 2013.
23. County school levies for all district funds will not change the amount of revenue received due to this bill as local school district mills float to adjust. The amount each taxpayer will pay will change based on the assessed value of their property.

24. Countywide retirement GTB will decrease due to the increase in taxable values by approximately \$3,646 in FY 2010, \$1.2 million in FY 2011, and \$1.0 million in subsequent years. This is based on a historical average of 28% of the costs paid by the state and FY 2009 county levies of \$65.1 million.

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Increase in Taxable Value	-0.02%	-7.04%	-5.54%	-5.54%
FY 2009 County Levies	\$65,100,000	\$65,100,000	\$65,100,000	\$65,100,000
State Share	28%	28%	28%	28%
County Retirement	(\$3,646)	(\$1,283,251)	(\$1,009,831)	(\$1,009,831)

25. Revenue received from county school levies for all district funds will not change due to this bill. Local school district mills would adjust to provide the needed revenue. The amount each taxpayer pays will change based on property tax value changes.
26. The GTB savings to the state general fund from HJR 2 to present law is \$2.0 million in FY 2010 and about \$2.5 million in subsequent years.

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Expenditure and Revenue Impact Relative to HJR 2

<u>Fiscal Impact:</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
<u>Department of Revenue</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
FTE	5.00	5.00	5.00	5.00
<u>Expenditures:</u>				
Personal Services	\$239,736	\$239,736	\$239,736	\$239,736
Operating Expenses	\$36,480	\$36,480	\$36,480	\$36,480
Other Costs - Property Assessment Div.	\$210,012	\$286,278	\$212,122	\$298,293
Equipment	\$25,150	\$222,331	\$221,740	\$221,898
TOTAL Expenditures	\$511,378	\$784,825	\$710,078	\$796,407
<u>Office of Public Instruction</u>				
<u>Expenditures:</u>				
Local Assistance: GTB	(\$1,310,541)	\$1,793,067	\$1,064,458	\$1,363,599
Local Assistance: Co. Retire. (GTB)	(\$710,892)	\$328,140	\$116,659	\$136,710
TOTAL Expenditures	(\$2,021,433)	\$2,121,207	\$1,181,117	\$1,500,309
<u>Funding of Expenditures (all agencies):</u>				
General Fund (01)	(\$1,510,055)	\$2,906,032	\$1,891,195	\$2,296,716
<u>Revenue</u>				
Tax Credits (01)	(\$1,845,000)	(\$2,156,000)	(\$2,406,000)	(\$2,693,000)
General Fund Property Tax Mitigation	(\$9,781,840)	(\$24,830,171)	(\$40,445,451)	(\$56,569,658)
Extended Property Tax Assistance (01)	(\$325,236)	(\$435,799)	(\$215,767)	(\$131,918)
Total General Fund Revenue	(\$11,952,076)	(\$27,421,970)	(\$43,067,218)	(\$59,394,576)
SSR (6 mill) Property Tax Mitigation	(\$614,373)	(\$1,559,521)	(\$2,540,277)	(\$3,552,999)
Extended Property Tax Assistance (02)	(\$20,541)	(\$27,524)	(\$13,627)	(\$68,332)
Total State Special Revenue	(\$229,350)	(\$229,350)	(\$229,350)	(\$229,350)
TOTAL Revenues	(\$12,181,426)	(\$120,071,717)	(\$134,476,430)	(\$147,889,214)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$10,442,021)	(\$30,328,002)	(\$44,958,413)	(\$61,691,292)
State Special Revenue (02)	(\$229,350)	(\$229,350)	(\$229,350)	(\$229,350)

Effect on County or Other Local Revenues or Expenditures:

- Using the difference in taxable value under HB 663 and projected statewide average local mills under the bill and under current law it is estimated that with respect current law there would be a reduction in local jurisdiction total property tax revenue of \$13.2 million lower in FY 2010, \$1.7 million higher in FY 2011, \$5.1 million higher FY 2012 and \$12.0 million higher in FY 2013. It is anticipated that local and school mills would adjust. Relative to HJ 2 taxable value and mill estimates The local jurisdictions would collect more \$43.5 million in FY 2010. There would be a reduction in local jurisdiction total property tax revenue of \$57.3 million in FY 2011, \$81.2 million in FY 2012, and \$102.8 million in FY 2013.

Technical Notes:**Department of Revenue**

- The purpose of the forestland advisory council established in this bill would be to review the calculations involved in forest land valuation, but under the current language the council would not review the net

income calculations, nor the capitalization rate. If that is not the intent an amendment should include subsections (5) and (6) in (10)(c)(i).

2. The terms of the members of the forestland advisory council could become problematic since the current language has those terms expiring on December 31 of each even numbered year. That will result in overlap of committees during each 4-year reappraisal cycle. It would be more workable if the term of the committee was similar to the Agricultural Land Valuation Advisory Committee

Sponsor's Initials

Date

Budget Director's Initials

Date